

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

FILED  
Phone: (360) 725-7000

MAR 16 2006

Hearings Unit JIC  
Patricia D. Petersen  
Chief Hearing Officer

February 27, 2006

Thomas Green, General Counsel  
National States Insurance Company  
1830 Craig Park Court  
St. Louis MO 63146

Re: Notice of Intent to Suspend Certificate of Authority No.1125  
Issued to National States Insurance Company

Dear Mr. Green:

Notice is hereby given pursuant to RCW 48.05.150, that on March 16, 2006, an order will be entered suspending Certificate of Authority No. 1125 issued to National States Insurance Company.

The basis for the order suspending the certificate of authority is that National States Insurance Company has violated Revised Code of Washington § 48.05.250(1) and Washington Administrative Code § 284-07-060(2) by failing to file its year 2004 Statement of Actuarial Opinion, a required component of its Annual Statement, by the statutory due date of February 28, 2005. In late April 2005, we sent a notice to National States Insurance Company, reminding it of this filing discrepancy. To date, no response has been received by the Office of the Insurance Commissioner ("OIC").

If the year 2004 Statement of Actuarial Opinion is electronically received in our office prior to the effective date of the suspension, the OIC will forbear imposing the suspension. Chapters 48.04 and 34.05 grant certain rights to appeal the proposed suspension of the certificate of authority. Please conform any request for appeal to the terms of those statutes.

RCW 48.05.185 also affords the Commissioner the latitude to levy a fine in addition to suspension. The OIC has determined that the appropriate penalty is a fine against National States Insurance Company of \$10,000. I have attached a Consent Order to this effect. National States Insurance Company may resolve this matter now, without the need for further administrative action, by simply having the appropriate person sign the consent order and paying the fine.

Enclosed are two originals of the proposed Consent Order. If you would like to resolve this matter on the basis of this Consent Order and the fine and conditions outlined therein, both original Orders must be signed and dated by an authorized officer of the company and returned to me. The fine would then be due within thirty days of the date the Order is entered.

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255  
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

Thomas Green, General Counsel  
National States Insurance Company  
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If we have not heard back from you by March 16, 2006, this offer will be withdrawn and the OIC will be forced to explore other options.

If you have questions or would like to discuss this matter further, please feel free to contact me by Email, regular mail, or telephone. My contact information is below.

Sincerely,



Marcia G. Stickler  
Staff Attorney  
Legal Affairs Division  
360-725-7048  
360-586-0152 (facsimile)  
marcias@oic.wa.gov

cc: Jim Odiome



OFFICE OF  
INSURANCE COMMISSIONER

FILED  
Phone: (206) 467-7000

MAR 16 2006

Hearing Officer JIC  
Patricia D. Petersen  
Chief Hearing Officer

In the Matter of )

Order No. D06-122

NATIONAL STATES )  
INSURANCE COMPANY )

CONSENT ORDER  
IMPOSING A FINE

Findings of Fact:

1. National States Insurance Company ("National States") is authorized to conduct insurance business in Washington State. It issues property, casualty, and surety insurance.
2. Revised Code of Washington § 48.05.250 requires every insurer to file an annual statement for the previous calendar year with the Office of the Insurance Commissioner ("OIC") by February 28 of the following year.
3. Washington Administrative Code § 284-07-060 requires that, as part of the annual statement, a Statement of Actuarial Opinion ("SAO") be submitted by February 28 of the following year, as well.
4. National States violated Revised Code of Washington § 48.05.250 by failing to file its year 2004 Statement of Actuarial Opinion, a required component of its Annual Statement, by the statutory due date of February 28, 2005. In late April 2005, the OIC sent a notice to National States Insurance Company, reminding it of this filing requirement. To date, no response has been received by the OIC.

Conclusions of Law:

1. National State's failure to timely file its calendar year 2004 Statement of Actuarial Opinion constitutes a violation of RCW 48.05.250(1) and WAC 284-07-060(2).
2. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority.

Consent to Order:

National States Insurance Company consents to the following, in order to resolve this matter without further legal or administrative proceedings. The Insurance Commissioner consents to resolve this matter in consideration of the insurer's payment of a fine as set forth below.

1. National States Insurance Company consents to the entry of the foregoing Findings of Fact and Conclusions of Law, and acknowledges its duty to comply fully with all applicable laws and regulations of the State of Washington. It waives further administrative or legal challenge to the actions taken, or to be taken, by the Insurance Commissioner, related to the subject matter of this Order.

2. Within thirty days of the entry of this Order, National States Insurance Company will pay to the Insurance Commissioner a fine in the amount of \$10,000 (ten thousand dollars).

3. Failure to pay the fine in full within thirty days of the entry of this order will constitute grounds for revocation of the certificate of authority held by National States Insurance Company in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

NATIONAL STATES INSURANCE COMPANY

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Corporate Title: \_\_\_\_\_

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

Order:

1. National States Insurance Company is ordered to pay, within thirty days of the entry of this order, a fine in the amount of \$10,000 (ten thousand dollars).

2. Failure to pay the fine timely and in full will constitute grounds for revocation of the certificate of authority held by the insurer in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2006

MIKE KREIDLER  
Insurance Commissioner

By: \_\_\_\_\_  
Marcia G. Stickler  
Legal Affairs Division